

Chuck Shulock, Assistant Executive Officer  
California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95812

February 15, 2008

**Re: Comments on the Proposed Policy Statement on Voluntary Early Actions**

Dear Mr. Shulock,

On behalf of the Natural Resources Defense Council (NRDC), Sierra Club California, American Lung Association of California, and Environmental Defense, we commend the California Air Resources Board (CARB) staff for the proposed policy statement to encourage voluntary early actions to reduce greenhouse gas emissions.

We strongly support a CARB policy statement that encourages voluntary early actions to achieve greenhouse gas reductions as well as co-benefits, such as air quality and public health improvement, and states the Board's intent to develop the AB 32 scoping plan and implementing regulations in a manner that rewards and does not disadvantage entities that take voluntary early action.

One of the primary sources of uncertainty that may be hindering voluntary early action is the uncertainty over how allowances will be distributed if a cap and trade program is adopted as one policy tool in the scoping plan's package of policies. We believe that an early statement that CARB will not grandfather allowances (i.e., distribute them to regulated entities on the basis of historical emissions) would be the most effective way to encourage voluntary early action by sending a clear signal to emitters that they will benefit from lower emissions.

We support the staff's proposed policy statement, with two important modifications. First, the statement should encourage voluntary *early* actions, not simply voluntary actions. The statement does a good job throughout most of the document emphasizing voluntary early actions, however, we urge CARB to revise the bullet providing the Board's direction to staff to read: "Encourage and reward voluntary early reductions of greenhouse gas emissions."

In addition, we are pleased that the proposed policy statement does not prejudice whether any "credits or offsets" will be provided for voluntary early actions. We support the proposed direction from the Board to staff to ensure that any credits or offsets are "real, permanent, quantifiable, verifiable, and enforceable," however, we urge CARB to add the important requirement that they also be "additional" or "surplus." This is required by Health and Safety Code Section 38562(d)(2), which requires that reductions be "in addition to any greenhouse gas emission reduction otherwise required by law or

regulation, and any other greenhouse gas emission reduction that otherwise would occur.”

Thank you for considering these suggestions.

Sincerely,

Devra Wang  
Natural Resources Defense Council

Bill Magavern  
Sierra Club California

Bonnie Holmes-Gen  
American Lung Association of California

Derek Walker  
Environmental Defense